

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2022073302501**

TO: Department of Enforcement
Financial Industry Regulatory Authority (FINRA)

RE: Canaccord Genuity Wealth Management (USA) Inc. (Respondent)
Member Firm
CRD No. 7449

Pursuant to FINRA Rule 9216, Respondent Canaccord Genuity Wealth Management (USA) Inc. (CGWM USA) submits this Letter of Acceptance, Waiver, and Consent (AWC) for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Respondent alleging violations based on the same factual findings described in this AWC.

I.

ACCEPTANCE AND CONSENT

- A. Respondent accepts and consents to the following findings by FINRA without admitting or denying them:

BACKGROUND

CGWM USA has been a FINRA member since August 1977. It is an introducing broker-dealer headquartered in Vancouver, British Columbia, with 77 registered representatives across eight branches in Canada.¹

OVERVIEW

From at least December 2014 to March 2023, CGWM USA failed to establish, maintain, and enforce a supervisory system, including written supervisory procedures, reasonably designed to review its associated persons' securities transactions for potential violations of securities laws and FINRA rules. As a result, the firm violated FINRA Rules 3110 and 2010. In addition, between 2019 and 2021, CGWM USA failed to reasonably conduct required branch office inspections, or reduce inspections to written reports, in violation of FINRA Rules 3110(c) and 2010. Finally, from at least 2015 to 2020, CGWM USA failed to complete annual supervisory control system reviews and chief executive officer certifications in violation of FINRA Rules 3120, 3130, and 2010.

As a result of these violations, CGWM USA is censured and fined \$75,000.

¹ For more information about the firm, including prior regulatory events, visit BrokerCheck® at www.finra.org/brokercheck.

FACTS AND VIOLATIVE CONDUCT

This matter originated from a FINRA cycle exam of CGWM USA.

CGWM USA failed to reasonably supervise outside brokerage accounts.

FINRA Rule 3110(a) requires each member firm to “establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules.” FINRA Rule 3110(b) requires that each member firm “establish, maintain, and enforce written procedures to supervise the types of business in which it engages and the activities of its associated persons that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules.”

FINRA Rule 3110(d)(1) requires that a member firm’s supervisory procedures include a process for the review of securities transactions that is reasonably designed to identify trades that may violate the provisions of the Exchange Act, the rules thereunder, or FINRA rules prohibiting insider trading and manipulative and deceptive devices, including transactions in an associated person’s account disclosed to the member. Rule 3110(d)(2) further requires each member to “conduct promptly an internal investigation into any such trade to determine whether a violation of those laws or rules has occurred.”

In Regulatory Notice 21-29, FINRA reminded members that their supervisory obligation “extends to member firms’ outsourcing of certain ‘covered activities’—activities or functions that, if performed directly by a member firm, would be required to be the subject of a supervisory system and [written supervisory procedures] pursuant to FINRA Rule 3110.” This followed guidance provided in Notice to Members 05-48 that members have a “continuing responsibility to oversee, supervise, and monitor [a] service provider’s performance of covered activities.”

A violation of FINRA Rule 3110 is also a violation of FINRA Rule 2010, which requires a member firm to observe high standards of commercial honor and just and equitable principles of trade in the conduct of its business.

From at least December 2014 to March 2023, CGWM USA did not review its associated persons’ securities transactions for potential insider trading, manipulative trading, or deceptive trading. Instead, CGWM USA outsourced that function to an affiliate, whose review was limited to detection of potential insider trading and did not seek to identify other potentially manipulative or deceptive trading, such as trading ahead of CGWM USA customers. Moreover, CGWM USA did not have any policies or procedures, or conduct any reviews, to supervise its affiliate’s review of its associated persons’ brokerage account activity on its behalf.²

By failing to establish, maintain, and enforce a reasonably designed supervisory system and written supervisory procedures to review the securities transactions in its associated

² In March 2023, CGWM USA opted to implement written supervisory procedures for the firm to independently review trading activity in the accounts of its associated persons.

persons' disclosed outside brokerage accounts, CGWM USA violated FINRA Rules 3110 and 2010.

CGWM USA failed to reasonably conduct required branch office inspections or reduce inspections to written reports.

FINRA Rule 3110(c)(1) requires each member to inspect every office of supervisory jurisdiction at least annually and every branch office that does not supervise a non-branch location at least every three years. FINRA Rule 3110(c)(2) provides that an inspection and review by a member must be reduced to a written report that is kept on file for a minimum of three years and, if applicable to the location being inspected, includes testing and verification of the member's policies and procedures, including supervisory policies and procedures in specified areas under the rule.

Between 2019 and 2021, CGWM USA failed to prepare written reports of any inspections it conducted of six non-supervisory branch offices. Furthermore, for two of those branches, the firm did not retain any records evidencing inspections were conducted and, for the other four branches, did not maintain documentation evidencing that inspections included testing and verification of all applicable areas of its policies and procedures. The firm also failed to conduct an inspection of its office of supervisory jurisdiction for 2020.

As a result, CGWM USA violated FINRA Rules 3110(c) and 2010.

CGWM USA failed to conduct required supervisory control testing.

FINRA Rule 3120(a) requires a member firm to establish, maintain, and enforce a system of supervisory control policies and procedures that test and verify that the member's supervisory procedures are reasonably designed to achieve compliance with applicable securities laws and regulations and FINRA rules and to create or amend supervisory procedures where the need is identified by such testing and verification. FINRA Rule 3120(a) also requires that a designated principal submit to the member's senior management at least annually a report detailing the firm's system of supervisory controls, the summary of the test results and significant identified exceptions, and any additional or amended supervisory procedures created in response to the test results.

FINRA Rule 3130(b) requires a firm's chief executive officer to certify annually that the firm has in place processes to establish, maintain, review, test and modify written compliance policies and written supervisory procedures reasonably designed to achieve compliance with applicable FINRA rules, MSRB rules and federal securities laws and regulations, and that the chief executive officer has conducted one or more meetings with the chief compliance officer in the preceding 12 months to discuss such processes. FINRA Rule 3130(c) also requires the chief executive officer to certify that the firm's processes are evidenced in a report reviewed by the chief executive officer, chief compliance officer, and such other officers as the member may deem necessary to make this certification.

From at least 2015 to 2020, CGWM USA failed to conduct annual supervisory control system testing and obtain chief executive officer certifications. As a result, the firm violated FINRA Rules 3120, 3130, and 2010.

B. Respondent also consents to the imposition of the following sanctions:

- a censure and
- a \$75,000 fine.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time after the execution of this AWC, the monetary sanction imposed in this matter.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a complaint issued specifying the allegations against it;
- B. To be notified of the complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made, and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council (NAC) and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of

FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

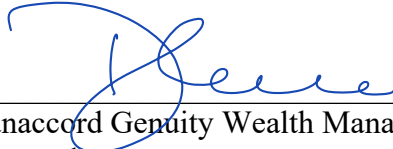
OTHER MATTERS

Respondent understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and
- C. If accepted:
 - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
 - 2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
 - 3. FINRA may make a public announcement concerning this agreement and its subject matter in accordance with FINRA Rule 8313; and
 - 4. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Respondent may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.
- D. Respondent may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this statement. This statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA.

The undersigned, on behalf of Respondent, certifies that a person duly authorized to act on Respondent's behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce Respondent to submit this AWC.

Sept. 29, 2025
Date


Canaccord Genuity Wealth Management (USA) Inc.
Respondent

Print Name: DONALD MACFAYDEN

Title: CFO

Reviewed by:

Michael Trocchio
Michael R. Trocchio, Esq.
Managing Director, U.S. Associate General Counsel
Canaccord Genuity LLC
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Accepted by FINRA:

10/01/2025
Date

Signed on behalf of the
Director of ODA, by delegated authority


Jeffrey E. Baldwin
Senior Counsel
FINRA
Department of Enforcement
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